



# ask SHIP

**Q: My Medicare supplement is really expensive. Should I drop it and get a Medicare Advantage plan?**

**A. The Annual Enrollment Period is now! From October 15 to December 7, 2014,** beneficiaries can change their Medicare health or prescription drug coverage for 2015.

This is the one time each year when anyone with a Medicare supplement insurance policy may switch to a Medicare Advantage Plan, a Part D stand-alone plan, or a Medicare Advantage with Part D Plan.

Any changes made to your plan during this period will begin January 1, 2015.

A Medicare Supplement Insurance policy, also known as a Medigap policy, is health insurance sold by private insurance companies to fill the “gaps” in Original Medicare coverage. The policy pays the gaps in Medicare coverage including deductibles, co-insurance, and co-payments.

When you purchase a Medigap policy, you will pay a monthly premium in addition to your Medicare Part B and Part D premiums.

Although Medigap plans are standardized, premiums vary by company. Some companies base premiums on your age. Other companies charge more for smokers, and others offer a variety of discounts. A few companies charge all members the same price, regardless of age or marital status. In addition, most companies increase premiums each year. This can be due to such factors as inflation and rising health care costs.

When deciding whether to keep your Medigap policy or to consider other types of plans, remember that once you drop your Medigap policy, you may not be able to replace it with another Medigap policy. It is also important that you know how the insurance company sets the prices for their policies. The method used will affect how much you will pay now and in the future.

Medigap policies can be priced in three ways:

**1. Community-rated (or no-age-rated)**

The same monthly premium is charged to everyone who has the Medigap policy, regardless of age.

**2. Issue-age-rated**

The premium is based on

the age you are when you buy the Medigap policy. Premiums are lower for younger buyers. Inflation will affect the premium.

**3. Attained-age-rated**

The premium is based on your current age (the age you have “attained”) so your premium goes up each year. Premiums are low for younger buyers, but go up every year and can eventually become the most expensive. Inflation will affect the premium.

Comparing plans is important. Medicare offers a tool that allows you to compare plans side-by-side for your specific needs. This tool is available online at [www.medicare.gov/find-a-plan](http://www.medicare.gov/find-a-plan). Have your Medicare card information and prescription drug information ready when using this tool.

If you or someone you know needs help understanding or comparing Medigap Plans or with other Medicare related issues, call SHIP at 1-800-452-4800, 1-866-846-0139 TDD or online at [www.medicare.in.gov](http://www.medicare.in.gov). You can also find us on Facebook and Twitter.